



6/4/03

MESSAGE FROM THE GOVERNOR

Certificate of Need Commission

- The Senate confirmed the appointment of Brad Cory to the Certificate of Need Commission [RC 166: 38 yes, 0 no].

FINAL PASSAGE

SB 23 (Sanborn) **HB 4008 (Palmer)**

Senate Bill 23 makes a minor change to the definition of “property taxes” in the homestead property tax credit law, in an effort (along with HB 4008) to solve an anomaly in the credit calculation, regarding townships. There are approximately 14 townships which cannot give residents the use of credits for the homestead exemption because the townships do not levy the public safety assessments in certain villages which have their own public safety departments. Under current law, the assessment must be levied township-wide to be used by residents in the homestead qualification procedure.

- SB 23 passed [RC 170: 38 yes, 0 no].

House Bill 4008 provides that “property taxes” would be property taxes paid by the taxpayer on a homestead in the State (including property tax administration fees) but would not include penalties, interest, or special assessments, unless a special assessment was levied using a uniform millage rate on all real property not exempt by State law from such a levy, was based on SEV or taxable value, and was either: 1) levied in an entire city, village, or township; or 2) for police, fire, or advanced life support and levied in an entire township excluding all or a portion of a village within the township.

House Fiscal estimates HB 4008 will reduce income tax revenues of approximately \$500,000 per year, all coming from the general fund.

Support: Michigan Township Association.

Opposed: Michigan Education Association.

- HB 4008 passed with IE [RC 169: 38 yes, 0 no].

SB 271 (Cropsey)

SB 271 changes the name of the current Ionia prison to: “the Jack Wellborn correctional facility.”

- SB 271 passed [RC 168: 37 yes, 0 no].

HB 4197 (Ward)

By expanding the definition of “urban township” to include townships that have a population of at least 13,000 and are located in a county with a population of at least 150,000, the bill would accommodate these smaller, quickly growing townships in several medium-sized counties. In particular, two townships in Kalamazoo County that border the City of Kalamazoo could redevelop brownfield sites, and a township in Livingston County, one of the fastest growing counties in the nation, could address infrastructure needs that would attract businesses to the township and add to its economic and tax base. The bill would have little to no effect on state and local revenues, primarily because a local development finance authority derives revenue from changes in property values.

The following 15 townships could benefit under the bill:

- Allendale, Grand Haven, Park, and Spring Lake Townships in Ottawa County.
- Benton, Lincoln, and Niles Townships in Berrien County.
- Brighton, Genoa, and Green Oak Townships in Livingston County.
- Comstock and Oshtemo Townships in Kalamazoo County.
- Leoni Township in Jackson County.
- Muskegon Township in Muskegon County.
- Scio Township in Washtenaw County.

Support: Michigan Township Association and Kalamazoo Chamber of Commerce.

Opposed: Michigan Economic Development Corporation.

- HB 4197 passed with [RC 171: 38 yes, 0 no].

HB 4219 (Woronchak)

The bill changes the presumption of whether tangible personal property purchased out-of-state but brought into Michigan shall be subject to use tax. Under current law, tangible personal property purchased out-of-state and brought into the Michigan to use, store or otherwise be consumed is subject to Michigan’s 6% use tax.

Treasury estimates that the bill would cost \$4.5 million. With the amendment to remove aircraft, the bill costs approximately \$3.3 million/year.

- HB 4219 passed [RC 167: 33 yes, 5 no]. Immediate Effect was not given to the bill. Hammerstrom moved to have the vote reconsidered. Later, she withdrew this motion.

THIRD READING

SB 379-84 (Bipartisan)

A package of bills which provide for uniform processes for annexation and detachment for cities, townships, villages, general law villages, etc. Current law is antiquated and provides different means for each governmental district.

Support: Township Assn., Farm Bureau, Michigan Chamber of Commerce, Michigan Municipal League.

Oppose: Home Builders, Mayor of Holland, State Boundary Commission.

Senate Bill 379 would provide for a referendum or a negotiated agreement to the annexation to a city from a township of any territory with 100 or fewer residents.

- Kuipers 1 (2 amends) was defeated [no RC]. This would prevent the circuit court from hearing appeals – instead the boundary commission would make these decisions.
- Kuipers 2 (2 amends) was defeated [no RC]. Birkholz spoke against this (and the other two Kuipers) amendments.
- Kuipers 3 (2 amends) was defeated [no RC]. This would change the definition of “good faith.”
- SB 379 was moved to 3rd Reading.

Senate Bill 380 would provide that territory could be detached from a village to a township only if the territory to be detached did not contain any real property owned by the village, except utilities and other facilities located within a public right-of-way; the territory were not annexed within the previous two years; and the detachment were approved by a majority vote of the qualified electors in the territory proposed to be detached, in the remaining portion of the village, and in the township.

- SB 380 was moved to 3rd Reading. No amendments.

Senate Bill 381 would provide that a petition or resolution for annexation of territory in a township with 100 or fewer residents would be subject to the referendum and election process provided for in the Home Rule City Act.

- SB 381 was moved to 3rd Reading. No amendments.

Senate Bill 382 would provide that the annexation of township territory with 100 or fewer residents would be subject to the applicable sections of the Home Rule City Act, the General Law Village Act.

- SB 382 was moved to 3rd Reading. No amendments.

Senate Bill 383 would prescribe procedures for the annexation to a village of township territory with more than 100 residents.

- Committee 1 (S-1) was adopted [no RC].
- SB 383 was moved to 3rd Reading.

Senate Bill 384 provides for conformity in annexation and detachment in accordance with SB 379. It also would provide for a referendum on the annexation of township territory to a city or village.

- SB 384 was moved to 3rd Reading. No amendments.

SB 472 (Gilbert)

This bill would clarify that the procedure for abandonment of a county road is the exclusive procedure by which a county road may be absolutely abandoned and discontinued. To abandon a road, the county board of road commissioners must, by a majority vote, pass a resolution that includes proof that it is in the best interest to abandon the road and provide an accurate description of the land. This resolution must be recorded in the register of deeds. Abandonment can be stopped by a petition of landholders.

- Committee 1 (S-1) was adopted [no RC].
- SB 472 was moved to 3rd Reading.

HB 4556 (BEIDA)

This bill includes gambling winnings by non-residents, including winnings from casino and horse racing, as taxable income. These taxes would then be the same as those paid by residents. The bill is expected to raise \$8.8 million, \$6.5 million to general budget, \$2.3 million to School Aid Fund.

- Thomas 1 was withdrawn.
- Thomas 2 was defeated [no RC]. This would require the state to prepare a report on the amount of money, if any, the bill cost Detroit. There is a concern this would discourage out-of-state residents to visit the Detroit casinos, knowing that their gaming winning will now be taxed.
- HB 4556 was moved to 3rd Reading.

HBs 4557-65 (DEMOCRATS)

These bills, particularly House Bill 4561, are really about fairness in the tax code. It is believed that a significant number of non-resident partners of some businesses do not pay taxes on any income received from that entity. Many are simply unaware that they owe money, while others may knowingly ignore financial obligations to the state.

The bills simply seek to provide the Department of Treasury with the necessary tools and resources to ensure the payment of taxes owed by non-residents. This is accomplished by requiring flow-through entities to withhold the taxes required and encouraging them to file composite income tax returns. It should be noted that this process is standard practice in other states, only concerns the collection of income taxes, and does not create any new tax liability for non-resident members, partners, or shareholders of flow-through entities that operate in the state.

House Bills 4557-65 would generate an estimated \$2 million in additional income tax revenue in 2003-04, of which \$1.5 million would go to the General Fund/General Purpose budget and \$0.5 million would go to the School Aid Fund.

Support: Michigan Education Association, Michigan Federation of Teachers, Michigan Association of School Boards, Northern Michigan Schools Association, Oakland Schools.

HB 4557 (FARRAH)

- Committee 1 (S-1) was adopted [no RC].
- HB 4557 was moved to 3rd Reading.

HB 4558 (CONDINO)

- Cassis 1 (1 amend) was adopted [no RC]. Tie-bar to HB 4561.
- HB 4558 was moved to 3rd Reading.

HB 4559 (CONDINO)

- Cassis 1 (1 amend) was adopted [no RC]. Tie-bar to HB 4561.
- HB 4559 was moved to 3rd Reading.

HB 4560 (ZELENKO)

- Cassis 1 (1 amend) was adopted [no RC]. Tie-bar to HB 4561.
- HB 4560 was moved to 3rd Reading.

HB 4561 (O'NEIL)

- HB 4561 was moved to 3rd Reading. No amendments.

HB 4562 (ZELENKO)

- Committee 1 (S-1) was adopted [no RC].
- HB 4562 was moved to 3rd Reading.

HB 4563 (FARRAH)

- Cassis 1 (1 amend) was adopted [no RC]. Tie-bar to HB 4561.
- HB 4563 was moved to 3rd Reading.

HB 4564 (MINORE)

- Cassis 1 (1 amend) was adopted [no RC]. Tie-bar to HB 4561.
- HB 4564 was moved to 3rd Reading.

HB 4565 (FARRAH)

- Cassis 1 (1 amend) was adopted [no RC]. Tie-bar to HB 4561.
- Thomas 2 (1 amend) was adopted [no RC]. A technical amendment request by the Dept. of Treasury.
- HB 4565 was moved to 3rd Reading.

HB 4567 (CONDINO)

HB 4568 (ZELENKO)

HB 4569 (FARRAH)

These bills would generate an estimated \$2 million annually beginning in FY 2003-04. This revenue would come from the major taxes including the income, single business, sales and use taxes, and would be distributed as follows: an estimated \$1.5 million would go to the General Fund/General Purpose budget and \$0.5 million would go to the School Aid Fund.

House Bill 4567 would amend the revenue Act to provide that the members, managers, or partners of certain business entities would be personally liable for failure to pay a tax due.

- HB 4567 was moved to 3rd Reading. No amendments.

House Bill 4568 would amend the General Sales Tax Act remove current provisions that hold the officers of a corporation personally liable for failure to pay sales or use tax due. The bill would apply to returns and remittances due or filed on or after its effective date.

- HB 4568 was moved to 3rd Reading. No amendments.

House Bill 4569 would amend the Use Tax Act to remove current provisions that hold the officers of a corporation personally liable for failure to pay sales or use tax due. The bill would apply to returns and remittances due or filed on or after its effective date.

- HB 4569 was moved to 3rd Reading. No amendments.